

NEW YORK CITY TAXI AND LIMOUSINE COMMISSION

Notice of Promulgation of Rules

Notice is hereby given in accordance with Section 1043(b) of the Charter of the City of New York (“Charter”) that the Taxi and Limousine Commission (“TLC”) promulgates rules to require For-Hire Vehicle Bases to permit passengers to tip drivers using the same method of payment that passengers use to pay for the trip.

These rules are promulgated pursuant to Sections 1043 and 2303 of the Charter and Section 19-503 of the Administrative Code of the City of New York.

These rules were published in the City Record on June 12, 2017 for public comment. On July 13, 2017, a public hearing on these rules was held by the TLC at its offices at 33 Beaver Street, 19th Floor, New York, New York, and the rules were adopted by the Commission on this same date. Pursuant to Section 1043(e)(1)(c) of the Charter, these rules will take effect 30 days after publication.

Statement of Basis and Purpose

On February 16, 2017, the New York City Taxi and Limousine Commission (“TLC”) received a Petition to Initiate Rule Making from the Independent Drivers Guild to establish rules governing tipping in the For-Hire Vehicle (“FHV”) industry. The Independent Drivers Guild is a nonprofit labor organization that represents For-Hire Vehicle Drivers that drive for some of the larger For-Hire Vehicle bases.

Under current rules, taxis must offer passengers the ability to tip drivers using cash or a credit card. However, no such rule exists for FHV bases. At an April 6, 2017 hearing on driver economics, and in over 2,000 e-mails TLC received in support of the Petition, the TLC heard from drivers that many bases require passengers to pay the fare using a credit card, but do not allow for tipping on a credit card. Passengers that book trips through such bases that do not have any cash on them are unable to tip their drivers if they wish to do so, leaving both passengers and drivers at a disadvantage.

The Petition specifically called on the TLC to initiate rulemaking to require FHV bases that allow passengers to book trips through smartphone applications to include an in-app gratuity option. These rules incorporate the proposal put forward by the Petition, but are applicable to all bases, not just those that use smartphone applications, to ensure that all passengers can tip drivers seamlessly, regardless of whether they used an app or called a car service for a ride.

The rules require FHV bases to allow passengers to tip drivers using the same method of payment they use to pay for the fare. Specifically, if a company restricts fare payment to payment by credit card, then the company must permit tipping using a credit card. Companies which only accept cash, would only be required to permit tipping in cash.

Bases may continue to allow passengers to tip using other payment methods, but they must allow passengers to tip using the same payment method they use to pay for the fare. Allowing tipping using the same payment methods used for paying the fare will make it easier for passengers that want to tip to do so.

The rules also require bases to remit to drivers the entirety of all of their tips, regardless of the payment method used to tip the driver.

The Commission's authority for these rules is found in section 2303 of the New York City Charter and section 19-503 of the Administrative Code.

New material is underlined.

[Deleted material is in brackets.]

Section 1. Section 59B-23 of Title 35 of the Rules of the City of New York is amended to add a new subdivision (h) to read as follows:

(h) *Tips and Gratuities.* A Base Owner must provide a means to allow passengers to tip Drivers using the same method of payment that passengers use to pay for the fare. A Base Owner must remit to the Driver the entirety of anything designated as a tip or gratuity collected by the Base Owner from a customer on behalf of the Driver.

<u>§59B-23(h)</u>	<u>Fine: \$500</u>	<u>Appearance NOT REQUIRED</u>
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